

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1952
ANSWERED ON:29.11.2002
COMPETITION FACED BY INDIAN INDUSTRIES
SURESH CHANDEL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether Indian industries have been facing competition from the global competitors in the wake of withdrawal of quantitative restrictions in April, 2001;
- (b) if so, whether Indian industry is to be equipped suitably to face the competition; and
- (c) if so, the steps being taken or proposed to be taken by the Government in view of the cut throat competition being faced by the small scale industries from the countries like China and Singapore, etc.,?

Answer

MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

(a) to (c) : India has been following a continuous policy of removal of restrictions on imports since 1991. Tariff line- wise import policy was first announced on 31.3.1996. As on that date, import of 6161 tariff lines (at 10 digit level) out of the total number of 10202 tariff lines (at 10 digit level) were free.

Thereafter, as per India's commitment to WTO and also phase wise programme for removal of quantitative restrictions, these restrictions over the years have been removed on items which were earlier been maintained by the country on balance of payment reasons. The balance 715 items out of the items notified to WTO were taken out of the Quantitative restrictions on 31.03.2001.

In the liberalized import regime the domestic industry will be obliged to face competition from imports subject to the applicable rate of customs duty. However, the imports are being closely monitored and the Government are determined to ensure through the appropriate use of tariff and non tariff mechanisms that imports do not cause any serious injury to the domestic producers. Some of the recent measures towards that end are as follows:-

- (i) Import duties on a number of items have been increased.
- (ii) Suo-moto anti-dumping investigations have been initiated in respect of import of battery cells, battery operated toys and sports shoes from China.
- (iii) Import of all packaged commodities have been made subject to compliance of all the conditions of the Standards of Weights and Measures (Packaged Commodity) Order, 1977, as applicable to domestic producers.
- (iv) Import of 135 products has been made subject to compliance of the mandatory Indian quality standards as applicable to domestic goods. For compliance of this requirement all manufacturers/ exporters of these products to India are required to register themselves with Bureau of Indian Standards (BIS).The list of 135 products includes various food preservatives and additives, milk powder, infant milk food, certain kinds of cement, household and similar electrical appliances, gas cylinders, multipurpose dry batteries and clinical thermometer.
- (v) The Government has introduced a Bill for amending the provisions of Foreign Trade (Development and Regulation) Act, 1992 so that Safeguard Action in the form of QRs can be applied if the situation so warrants.
The Government has also put in place several measures to help SSI become globally competitive. Government is also aware of the emerging scenario for the SSI Units and has taken several steps to help them become globally competitive. These include special focus on areas such as technology up-gradation, infrastructure assistance through the cluster approach, timely availability of credit, adoption of modern management practices, use of electronic infrastructure, marketing and timely information dissemination including sensitization of small industries to the emerging challenges of trade liberalization. A comprehensive policy package for the development of SSIs has been announced on 30th August, 2000. The policy package will enhance the competitiveness of SSIs through easier access to credit, availability of collateral free composite loan up to Rs. 25 lakhs, capital subsidy for technology upgradation and improved infrastructure.